



DC Department of Housing and Community Development

Grants in Lieu of Low Income Housing Tax Credits

On February 27, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. The purpose of the Act is to stimulate the economy with a focus on job creation and retention and investing in long term infrastructure. Under Section 1602 of ARRA, the DC Department of Housing and Community Development is eligible to receive Section 1602 Grants to States for Low-income Housing Projects in Lieu of Low-income Housing Credits under Section 42 of the Internal Revenue Code (the Code) for 2009. In doing so, DHCD will elect to take a portion of its 2009 State housing credit ceiling in the form of grant amounts that will be passed on to subrecipients.

In order to be eligible to receive funds from HUD, the Department of Housing and Community Development must establish guidelines to determine “good faith effort” on the part of developers seeking to monetize the tax credits they have been awarded.

Determination of “Good Faith Effort”

Broadly, the mission of the DC Department of Housing and Community Development is to preserve and create opportunities for affordable housing and economic development and to revitalize underserved communities in the District of Columbia.

Developers who wish to convert their tax credits to grants at \$.85 on the dollar must demonstrate a good faith effort to find tax credit investors before making the request to DHCD. The Department will require proof in the form of a denial letter or an offer of an amount that will result in an irreconcilable gap in funding for the developer.

This information should be included with application materials in the case of a new LIHTC application. In the case of an existing project in which a gap has been created due to loss of investor or reduction in pricing, please contact the Department.

For additional information on these or other stimulus programs through the DC Department of Housing and Community Development, please see the District’s recover website: recovery.dc.gov or contact Brad Hicks at (202) 442-7200 or via email at housing.recovery@dc.gov.